

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRICE CHANGES

Docket No. CP2023-42

**USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 3,
WITH PORTIONS FILED UNDER SEAL**
(December 12, 2022)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 3, which was issued on December 5, 2022. Responses were due by December 12, 2022. Each question is reprinted verbatim in the attached, and is followed by the Postal Service's response. Certain portions of the Postal Service's responses are being filed under seal. The Postal Service incorporates by reference the Application for Non-Public Treatment filed in this docket for the protection of the material filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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1. Price ranges for Competitive Post Office Box Service are listed in § 2640.4 of the Mail Classification Schedule (MCS). These price ranges were last updated in 2015,¹ and show minimum and maximum prices much broader than the range of current and proposed prices. Please provide revised language updating the price ranges in MCS § 2640.4 to match the proposed minimum and maximum prices.

RESPONSE:

The Postal Service last updated the price ranges for Competitive P.O. Boxes in January 2021. See Docket No. CP2021-28. The price ranges are established by the Governors of the Postal Service in accordance with 39 U.S.C. § 3632. In Governors' Decision 22-6, the Governors authorized changes to Competitive P.O. Box prices within the existing price ranges; no changes to the price ranges were authorized. Therefore, the Postal Service does not have authority to revise the price ranges in the MCS at this time.

¹ See Docket No. CP2016-9, Order Approving Changes in Rates of General Applicability for Competitive Products, November 13, 2015 (Order No. 2814).

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2. Since 2011, the Postal Service has used internal fee groups C30-C44 that correspond to the MCS fee groups C1-C7.² Please provide a detailed justification for continuing the practice of showing different fee groups on the MCS than are used internally when reporting prices to the Commission. As part of that justification, please discuss the impact on transparency for the Postal Service's customers.

RESPONSE:

The C1-C7 fee groups were originally intended to make it easier to present the fee ranges in the MCS. The Postal Service recognizes that this could inadvertently cause confusion between those labels and the C30-C44 labels better known by customers.

The Postal Service is not opposed to revising the table headers such that it is more clear that:

- C1 = C31 and C38
- C2 = C32 and C39
- C3 = C33 and C40
- C4 = C34 and C41
- C5 = C35 and C42
- C6 = C36 and C43
- C7 = C37 and C44

² Docket No. CP2012-2, Letter to Shoshana Grove on Post Office Box Fees, December 29, 2011.

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3. Please confirm that the Postal Service did not file a letter with the Secretary of the Commission publicly showing the prices for Competitive Post Office Box Service that took effect on January 9, 2022. If confirmed, please explain and indicate whether the Postal Service intends to file such a letter in this docket. If not confirmed, please indicate the date on which that letter was filed.

RESPONSE:

Confirmed. It appears a letter was not filed with the Commission last year because of an administrative oversight. The Postal Service intends to file such a letter in this docket.

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4. Please provide a detailed justification for continuing the Postal Service's practice of not publicly disclosing prices for Competitive Post Office Box Service with notices of changes of rates of general applicability, and instead waiting until soon before the effective date to send a letter to the Commission publicly disclosing those prices. As part of this justification, please identify any specific harms to the Postal Service that would be caused by including unredacted Competitive Post Office Box Service prices in notices of changes of rates of general applicability. Please also discuss why the Postal Service considers the risk of such harms to be greater for Competitive Post Office Box Service than for other Competitive products of general applicability whose prices are disclosed in such notices.

RESPONSE:

Historically, the Postal Service has concluded that its competitors' ability to dynamically adjust prices weighed in favor of not providing 2+ months' notice of new competitive P.O. Box prices. Competitive P.O. Box pricing is unique because competitors are able to independently set prices that vary by geographic location and undercut the Postal Service's P.O. Box pricing, whereas for most other competitive products, competitors' prices are published on a nationwide basis. Providing a longer lead time for competitors to respond with geographically targeted pricing could clearly cause competitive harm to the Postal Service.

Nevertheless, the Postal Service is currently evaluating its pricing strategy for competitive P.O. Boxes, and the timing of its public notice of the new P.O. Box prices. However, any potential shift in approach or strategy was not finalized or presented to the Governors prior to the issuance of Governors' Decision 22-6. Thus, the Postal Service does not believe it is appropriate at this time to change course, without due consideration by the Governors.

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5. Please refer to the Postal Service's response to CHIR No. 2, question 3.a.³ Please provide projected unit costs for Label Delivery Service. Please also provide financial workpapers showing the expected impact of the Label Delivery Service on the cost coverage of the Competitive Ancillary Services product.

RESPONSE:

A response has been filed under seal, along with the requested workpapers.

³ USPS Response to Chairman's Information Request No. 2, with Portions Filed Under Seal, December 1, 2022, question 3.a.